
Southern West Virginia
Community and Technical College
Financial Statements
Years Ended June 30, 2025 and 2024

and

Independent Auditor's Reports



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company



SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (RSI) (UNAUDITED)	6 - 14
FINANCIAL STATEMENTS	
Statements of Net Position	15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	17
Component Unit - Statements of Financial Position	18
Component Unit - Statements of Activities	19 - 20
Notes to Financial Statements	21 - 56
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	58
Schedule of Pension Contributions	59
Schedule of Proportionate Share of the Net OPEB Liability (Asset)	60
Schedule of OPEB Contributions	61
Notes to Required Supplementary Information	62 - 67
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68 - 69

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Southern West Virginia Community and Technical College
Mt. Gay, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Southern West Virginia Community and Technical College (the College), a component unit of the West Virginia Council for Community and Technical College Education, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2025 and 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Southern West Virginia Community College Foundation, Inc., which is a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented financial statements of the Southern West Virginia Community College Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Southern West Virginia Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Change in Accounting Principle

As described in Note 2 to the financial statements, during fiscal year 2025, the College implemented Governmental Accounting Standards Board Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, the schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability (asset), and schedule of OPEB contributions, and related footnotes on pages 58 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Suttle & Stalnak, PLLC".

Charleston, West Virginia
September 30, 2025

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

6

Overview of the Financial Statements and Financial Analysis

Southern West Virginia Community and Technical College (the College) presents its financial statements for the fiscal years ended June 30, 2025 and June 30, 2024. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year and is required supplemental information. Since this analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes to these financial statements. Responsibility for the completeness and fairness of this information rests with the College.

The Governmental Accounting Standards Board (GASB) establishes standards for the presentation format of College financial statements. The current format places emphasis on the overall economic resources of the College.

Statements of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the financial statements.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. The Statement of Net Position provides a picture of the net position and its availability for College expenditures.

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant and equipment owned by the College. The next asset category is restricted net position, which is divided into two categories, nonexpendable and expendable. The College does not currently have nonexpendable restricted net position since all funds of this nature would be directed to the Southern West Virginia Community College Foundation, Inc. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the College for any lawful purpose.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

7

**Condensed Schedules of Net Position
June 30,
(in thousands)**

	2025	2024	2023
Assets and deferred outflows			
Current assets	\$ 15,816	\$ 14,347	\$ 13,365
Other noncurrent assets	99	312	55
Capital assets, net	24,110	26,047	26,977
Total assets	<u>40,025</u>	<u>40,706</u>	<u>40,397</u>
Deferred outflows of resources	<u>316</u>	<u>212</u>	<u>443</u>
Total	<u>\$ 40,341</u>	<u>\$ 40,918</u>	<u>\$ 40,840</u>
Liabilities, deferred inflows and net position			
Current liabilities	\$ 3,751	\$ 3,444	\$ 3,272
Noncurrent liabilities	158	274	476
Total liabilities	<u>3,909</u>	<u>3,718</u>	<u>3,748</u>
Deferred inflows of resources	<u>311</u>	<u>408</u>	<u>859</u>
Net position			
Net investment in capital assets	24,110	26,047	26,977
Restricted net position, expendable	106	48	-
Unrestricted net position	11,905	10,697	9,256
Total net position	<u>36,121</u>	<u>36,792</u>	<u>36,233</u>
Total	<u>\$ 40,341</u>	<u>\$ 40,918</u>	<u>\$ 40,840</u>

Total net position of the College decreased by \$671 thousand from June 30, 2024 to June 30, 2025. Total net position increased by \$559 thousand from June 30, 2023 to June 30, 2024. These changes are related to a number of factors described on the following pages. Changes in assets and liabilities are highlighted below:

- Increases in current assets were due to additional reimbursements due from the Commission for grant expenses, interest income, and level-up funds not received at year end.
- Capital assets decreased because of closing the Boone Campus and the sale of the Wyoming Campus.
- There was a decrease in the net OPEB asset due to changes in actuarial assumptions because the PEIA subsidy was not included in the State Budget in 2025, which increased employers' expense.
- The implementation of GASB 101 resulted in an increase in current liabilities for compensated absences due to the recognition of sick leave and taxes/benefits related to leave in the accrual.
- The current ratio for both fiscal years 2025 and 2024 is 4.2. The current ratio measures the ability to meet short-term obligations. The current ratio is the most widely used measure of liquidity. Typically, current ratios range from 1 to 4.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

8

- The net working capital for the College was \$12.1 million at the end of 2025. This is an increase of \$1.2 million from the previous year's working capital of \$10.9 million.

Statements of Revenues, Expenses and Changes in Net Position

The difference in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

Operating revenues are received for providing goods and services to the various constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Revenues received for which goods and services are not provided are reported as non-operating revenues. For example, state appropriations are non-operating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

**Condensed Schedules of Revenues, Expenses and Changes in Net Position
Years Ended June 30,
(in thousands)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 7,677	\$ 5,956	\$ 6,345
Operating expenses	<u>22,210</u>	<u>19,408</u>	<u>20,232</u>
Operating loss	(14,533)	(13,452)	(13,887)
Non-operating revenues	13,150	13,900	13,694
Capital payments on behalf	609	139	148
Other payments on behalf	<u>103</u>	<u>(28)</u>	<u>(166)</u>
Increase (decrease) in net position	<u>(671)</u>	<u>559</u>	<u>(211)</u>
Net position - beginning of year	<u>36,792</u>	<u>36,233</u>	<u>36,444</u>
Net position - end of year	<u><u>\$ 36,121</u></u>	<u><u>\$ 36,792</u></u>	<u><u>\$ 36,233</u></u>

A review of the individual revenue and expense categories and those items that contributed to the overall increases in net position reveal the following explanations:

Operating Revenues

- For fiscal year 2025, operating revenues increased by approximately 29% driven by the increase in State and Federal Grant revenue as well as an imposed 5% tuition rate increase.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

9

- Grant revenue increased by 43% in 2025; an increase of \$1.7 million. The increase was related to a \$821 thousand increase in state grant revenue, and a 352% or \$925 thousand increase in federal revenue. Specifically, the increases relate to the increase in the WV Higher Education grant and the Federal Pell Grant. The College also received Federal Earmark funds of \$762 thousand.
- Tuition and fee revenue increased by \$8 thousand, a 1% increase from the previous year due to a 5% increase in tuition and fee rates and increases in enrollment, however enrollment increases were driven by the Early College Academy (ECA) Program. ECA students only pay \$75/credit hour, offsetting the increase that should have resulted from increasing tuition rates. Additionally, the College switched from the alternative method to the allocation method as outlined in NACUBO advisory 2023-01, for scholarship allowances, and as a result the allowance offset to tuition and fees increased over \$196 thousand.

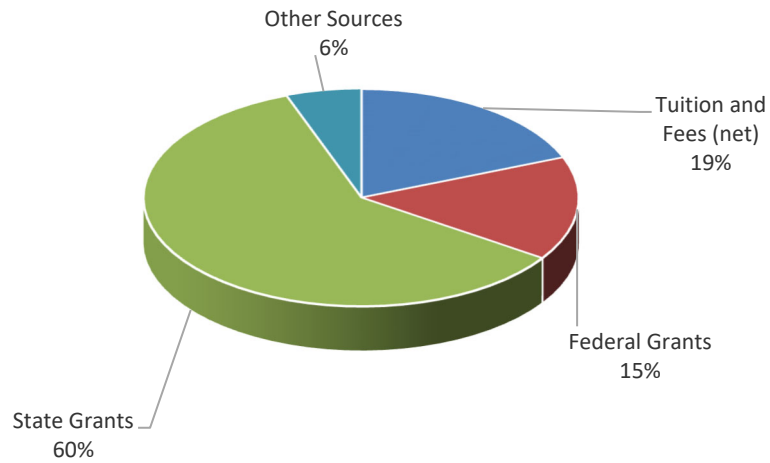
Operating Expenses

- For fiscal year 2025, the total cost of scholarships increased \$1.7 million or 67%. The increase is primarily due to an increase in the WV Higher Education Grant, the WV Emergency Grant and the Federal Pell Grant.
- For fiscal year 2025, supplies and other services increased approximately \$68 thousand, or 2.7%. The increase is primarily due to the aging of the HVAC systems and the repairs needed to maintain while waiting for the upcoming replacement through the deferred maintenance funding.
- Salaries and wages remained consistent with the prior year, while benefits increased \$990 thousand or 49%. These increases were due to a significant increase in the College's proportion of the actuarially determined OPEB expense and an increase in the cost of WV PEIA Insurance.

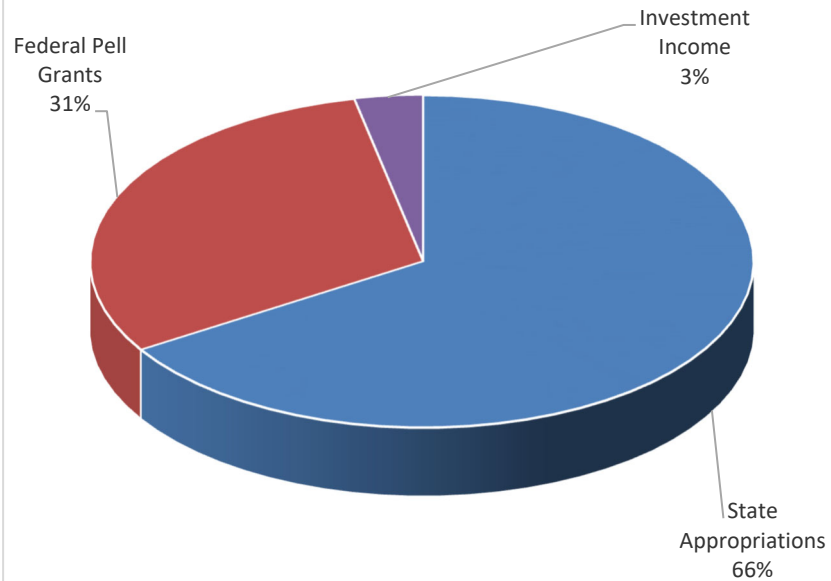
Non-operating Revenues

- For fiscal year 2025, there was a decrease in the amount of state appropriations. State appropriations totaled \$9.2 million and \$9.4 million for fiscal years 2025 and 2024, respectively.
- Pell grants totaled nearly \$4.3 million in 2025, an increase of \$275 thousand over fiscal year 2024.
- For fiscal year 2025, investment income decreased \$78 thousand due to decreases in interest rates. Investment income was \$540 thousand in fiscal year 2024.
- Other nonoperating expense increased \$814 thousand due to the disposal of the Boone and Williamson campuses at a loss.

REVENUE BY SOURCE
Operating Revenue



REVENUE BY SOURCE
Nonoperating Revenue



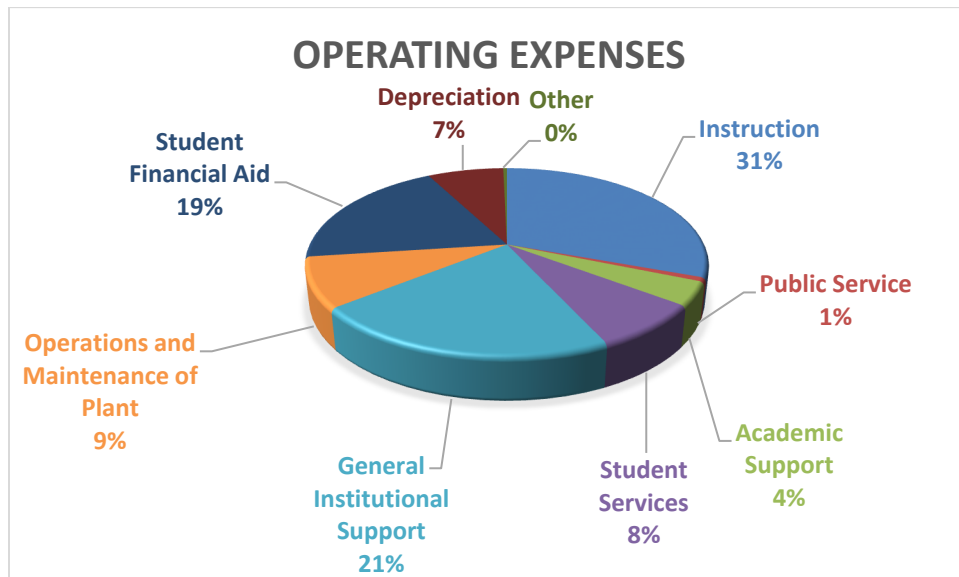
**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

11

**Operating Expenses
Years Ended June 30,
(in thousands)**

	2025	2024	2023	2024 to 2025 Increase (Decrease)	2024 to 2025 Percent Change
Operating expense					
Instruction	\$ 6,787	\$ 6,322	\$ 6,120	\$ 465	7.36%
Public service	147	126	11	21	16.67%
Academic support	892	601	781	291	48.42%
Student services	1,742	1,608	1,032	134	8.33%
Institutional support	4,713	4,347	4,274	366	8.42%
Operations & maintenance plant	1,916	2,149	3,691	(233)	(10.84)%
Financial aid	4,304	2,573	2,724	1,731	67.28%
Depreciation	1,630	1,611	1,531	19	1.18%
Other	79	71	68	8	11.27%
Total	<u>\$ 22,210</u>	<u>\$ 19,408</u>	<u>\$ 20,232</u>	<u>\$ 2,802</u>	<u>14.44%</u>

The following is a graphic illustration of fiscal year 2025 operating expenses:



SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

12

Statements of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used in operations to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Condensed Schedules of Cash Flows
Years Ended June 30,
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash provided (used) by:			
Operating activities	\$ (12,818)	\$ (12,446)	\$ (14,680)
Noncapital financing activities	13,534	13,392	13,073
Capital and related financing activities	70	(575)	(1,126)
Investing activities	<u>462</u>	<u>540</u>	<u>412</u>
Net change in cash	1,248	911	(2,321)
Cash, beginning of year	<u>13,800</u>	<u>12,889</u>	<u>15,210</u>
Cash, end of year	<u>\$ 15,048</u>	<u>\$ 13,800</u>	<u>\$ 12,889</u>

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

13

Capital Asset and Debt Administration

Capital Assets, Net
June 30,
(in thousands)

	2025	2024	2023	2024 to 2025 Increase (Decrease)	2024 to 2025 Percent Change
Capital Assets					
Land and Improvements	\$ 1,563	\$ 1,563	\$ 1,563	\$ -	0.00%
Construction in process	759	-	-	759	100.00%
Buildings	39,687	44,011	43,939	(4,324)	(9.82)%
Equipment	4,864	4,238	4,072	626	14.77%
Library Holdings	3,943	3,911	3,933	32	0.82%
Total	50,816	53,723	53,507	(2,907)	(5.41)%
Less: Accum Depreciation	(26,706)	(27,676)	(26,530)	970	(3.50)%
Net Capital Assets	<u>\$ 24,110</u>	<u>\$ 26,047</u>	<u>\$ 26,977</u>	<u>\$ (1,937)</u>	<u>(7.44)%</u>

Capital assets net decrease of \$1.9 million was a result of the closing of the Boone Campus as well as the sale of the Wyoming Campus.

At June 30, 2025, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

Readers interested in more detailed information regarding capital assets should review the accompanying note 5 to the financial statements.

Economic Outlook

The economic outlook for West Virginia (the State), and particularly the College's service area, continues to present challenges. The State has experienced a gradual population decrease of approximately 3% per year since 2009. Over that same period, the College's service area experienced a population decrease of approximately 16%. The State also has one of the nation's oldest populations, and the age distribution is expected to skew toward older age groups in the coming years. The State's college matriculation rate has also experienced a decline over the last several years and dropped to just 47% in 2024. The College's service area has a matriculation rate of only 43%.

These challenges also present opportunities. The Early College Academy has remained steady from 2024. However, the Academy is expected to decrease over the next few years due to the introduction of competition in the local high schools as well as funding challenges.

The College has also adapted its program offerings to the needs of our workforce. Programs such as Commercial Driver's License and Lineman have been successful. The College's Nursing program has expanded to a weekend option to help meet employer demand. Due to the aging population in the College's service area, the healthcare industry job outlook remains strong. The College's programming aims to meet the demand with our Nursing, Radiological Tech, Surgical Tech and other Allied Health programs.

**SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

14

State appropriations have been steady over the past few years after a decade of fluctuation. The State is now using a higher education funding model for community & technical colleges, which assists the College with predicting future appropriations. While economic performance is expected to remain variable across the State, tax collections from natural gas extraction should help the State budget remain relatively flat.

Requests for Information

The financial report is designed to provide an overview of the finances of the College for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southern West Virginia Community and Technical College at 100 College Drive, Logan, West Virginia 25601. For additional information on the Southern West Virginia Community College Foundation, Inc., please see their separately issued financial statements.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

15

	2025	2024
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,048,139	\$ 13,800,010
Accounts receivable, net of allowance for doubtful accounts	530,999	453,452
Due from the Commission/Council	234,932	87,220
Prepaid expenses	1,919	6,261
Total current assets	<u>15,815,989</u>	<u>14,346,943</u>
NONCURRENT ASSETS:		
Other accounts receivable	49,296	51,945
Net other postemployment benefit (OPEB) asset	49,576	259,792
Capital assets, net of accumulated depreciation	24,109,856	26,046,806
Total noncurrent assets	<u>24,208,728</u>	<u>26,358,543</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to pension	67,839	81,557
Deferred outflows relating to OPEB	248,815	130,819
Total deferred outflows of resources	<u>316,654</u>	<u>212,376</u>
TOTAL	<u><u>\$ 40,341,371</u></u>	<u><u>\$ 40,917,862</u></u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,097	\$ 4,097
Due to the Commission/Council	-	3,199
Due to other State agencies	26,783	1,508
Due to other governments	284,740	284,740
Accrued liabilities	774,665	752,145
Compensated absences	924,520	689,737
Unearned revenue	1,736,174	1,708,282
Total current liabilities	<u>3,750,979</u>	<u>3,443,708</u>
NONCURRENT LIABILITIES:		
Net pension liability	158,430	273,607
Total noncurrent liabilities	<u>158,430</u>	<u>273,607</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to pension	118,745	66,447
Deferred inflows relating to OPEB	191,776	342,137
Total deferred inflows of resources	<u>310,521</u>	<u>408,584</u>
NET POSITION:		
Net investment in capital assets	24,109,856	26,046,806
Restricted, expendable	106,615	48,474
Unrestricted net position	11,904,970	10,696,683
Total net position	<u>36,121,441</u>	<u>36,791,963</u>
TOTAL	<u><u>\$ 40,341,371</u></u>	<u><u>\$ 40,917,862</u></u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

16

	2025	2024
OPERATING REVENUES:		
Student tuition and fees, net of scholarship allowance of \$4,454,621 and \$4,258,116 for 2025 and 2024, respectively	\$ 1,454,395	\$ 1,446,376
Contracts and grants:		
Federal	1,186,970	262,319
State	4,607,531	3,786,318
Auxiliary enterprise revenue	-	14,156
Miscellaneous, net	428,555	446,985
Total operating revenues	<u>7,677,451</u>	<u>5,956,154</u>
OPERATING EXPENSES:		
Salaries and wages	9,887,615	9,881,471
Benefits	3,009,401	2,019,507
Supplies and other services	2,566,067	2,498,908
Utilities	734,470	753,330
Student financial aid - scholarships and fellowships	4,304,041	2,573,352
Depreciation	1,629,672	1,611,227
Fees assessed by the Commission for operations	79,168	70,522
Total operating expenses	<u>22,210,434</u>	<u>19,408,317</u>
OPERATING LOSS	<u>(14,532,983)</u>	<u>(13,452,163)</u>
NONOPERATING REVENUES:		
State appropriations	9,217,907	9,351,138
Gifts	44,000	44,000
Investment income	462,513	540,286
Federal Pell grants	4,271,955	3,996,963
Other nonoperating revenues (expenses)	(846,350)	(32,701)
Total nonoperating revenues	<u>13,150,025</u>	<u>13,899,686</u>
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(1,382,958)	447,523
CAPITAL PAYMENTS MADE AND EXPENSES INCURRED ON BEHALF OF THE COLLEGE	608,781	139,125
PAYMENTS MADE AND EXPENSES (OFFSET) INCURRED BY THE STATE ON BEHALF OF THE COLLEGE	103,655	(27,749)
INCREASE (DECREASE) IN NET POSITION	<u>(670,522)</u>	<u>558,899</u>
NET POSITION - Beginning of year	<u>36,791,963</u>	<u>36,233,064</u>
NET POSITION - End of year	<u>\$ 36,121,441</u>	<u>\$ 36,791,963</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

17

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from student tuition and fees	\$ 1,376,848	\$ 1,304,380
Cash received from contracts and grants	5,683,532	4,326,976
Payments to and on behalf of employees	(12,598,417)	(12,553,717)
Payments to suppliers	(2,590,794)	(2,588,053)
Payments to utilities	(734,470)	(753,330)
Payments for scholarships and fellowships	(4,304,041)	(2,573,352)
Auxiliary enterprise charges	-	14,156
Fees assessed by Commission	(79,168)	(70,522)
Other receipts, net	428,555	446,985
Net cash used in operating activities	<u>(12,817,955)</u>	<u>(12,446,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	9,217,907	9,351,138
Federal student loan program - direct lending receipts	1,398,262	1,548,185
Federal student loan program - direct lending payments	(1,398,262)	(1,548,185)
Gifts	44,000	44,000
Pell grants	4,271,955	3,996,963
Net cash provided by noncapital financing activities	<u>13,533,862</u>	<u>13,392,101</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(993,816)	(574,824)
Proceeds from sales of capital assets	1,092,504	-
Other nonoperating revenues (expenses)	(28,979)	111
Net cash provided by (used in) capital financing activities	<u>69,709</u>	<u>(574,713)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	462,513	540,286
Net cash provided by investing activities	<u>462,513</u>	<u>540,286</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,248,129</u>	<u>911,197</u>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>13,800,010</u>	<u>12,888,813</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 15,048,139</u></u>	<u><u>\$ 13,800,010</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (14,532,983)	\$ (13,452,163)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,629,672	1,611,227
Pension expense (offset) - special funding situation	19,721	66,103
OPEB expense (offset) - special funding situation	83,934	(93,852)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net of allowance for doubtful accounts	(77,547)	(141,996)
Due from the Commission/Council	(147,712)	75,732
Prepaid expenses	4,342	(4,010)
Other accounts receivable	2,649	3,410
Deferred outflows of resources	(104,278)	230,391
Accounts payable	-	(20,020)
Due to the Commission/Council	(3,199)	3,199
Due to other State agencies	25,275	(5,801)
Accrued liabilities	22,520	(43,975)
Compensated absences	234,783	32,774
Other postemployment benefit (OPEB) liability (asset)	210,216	(456,805)
Net pension liability	(115,177)	(5,694)
Unearned revenue	27,892	205,209
Deferred inflows of resources	(98,063)	(450,206)
Net cash used in operating activities	<u><u>\$ (12,817,955)</u></u>	<u><u>\$ (12,446,477)</u></u>
NONCASH TRANSACTIONS:		
Capital payments made and expenses incurred on behalf of the College	<u><u>\$ 608,781</u></u>	<u><u>\$ 139,125</u></u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 117,553	\$ 36,086
Restricted cash and cash equivalents	401,477	376,773
Certificate of deposit	59,646	57,278
Investments	4,599,091	3,975,607
Prepaid expenses and other assets	11,173	10,789
Contributions receivable	254,781	210,102
Total assets	<u>\$ 5,443,721</u>	<u>\$ 4,666,635</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 5,345	\$ 895
Total liabilities	<u>5,345</u>	<u>895</u>
NET ASSETS		
With donor restrictions	4,588,828	3,858,524
Without donor restrictions	849,548	807,216
Total net assets	<u>5,438,376</u>	<u>4,665,740</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,443,721</u>	<u>\$ 4,666,635</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 192,870	\$ 422,434	\$ 615,304
Contributions - donated services	136,921	-	136,921
Interest and dividend income	24,729	158,248	182,977
Net unrealized and realized gain on investments	86,878	323,038	409,916
Net assets released from restrictions	173,416	(173,416)	-
Total revenues and other support	614,814	730,304	1,345,118
EXPENSES			
Program services	259,618	-	259,618
Administrative and general	215,621	-	215,621
Fundraising	97,243	-	97,243
Total expenses	572,482	-	572,482
CHANGE IN NET ASSETS	42,332	730,304	772,636
NET ASSETS, beginning	807,216	3,858,524	4,665,740
NET ASSETS, ending	\$ 849,548	\$ 4,588,828	\$ 5,438,376

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 63,637	\$ 193,246	\$ 256,883
Contributions - donated services	116,097	-	116,097
Interest and dividend income	34,751	145,210	179,961
Net unrealized and realized (loss) on investments	(18,086)	(196,962)	(215,048)
Net assets released from restrictions	408,739	(408,739)	-
Total revenues and other support	605,138	(267,245)	337,893
EXPENSES			
Program services	331,481	-	331,481
Administrative and general	261,567	-	261,567
Fundraising	69,944	-	69,944
Total expenses	662,992	-	662,992
CHANGE IN NET ASSETS	(57,854)	(267,245)	(325,099)
NET ASSETS, beginning	865,070	4,125,769	4,990,839
NET ASSETS, ending	\$ 807,216	\$ 3,858,524	\$ 4,665,740

The Accompanying Notes Are An Integral
Part Of These Financial Statements

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

21

NOTE 1 - ORGANIZATION

Southern West Virginia Community and Technical College (the College) is governed by the Southern West Virginia Community and Technical College Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institutions under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda. Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the Council) the responsibility of developing, overseeing and advancing the State's public policy agenda as it relates to community and technical college education.

As a requirement of Governmental Accounting Standards Board (GASB) standards, the College has included information from the Southern West Virginia Community College Foundation, Inc. (the Foundation).

Although the College benefits from the activities of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to the College. Third parties dealing with the College, the Board, and the State of West Virginia (the State) (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

22

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The College is a blended component unit of the West Virginia Higher Education Fund and represents a separate fund of the State of West Virginia that is not included in the State's general fund. The College is a separate entity which, along with all State institutions of higher education, the Council, and the Commission (which includes West Virginia Network for Educational Telecomputing), forms the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of the College. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Southern Alumni Association (Alumni Association) of the College is not part of the College's reporting entity and is not included in the accompanying financial statements as the College has no ability to designate management, cannot significantly influence operations of the entity and is not accountable for the fiscal matters of the Alumni Association under GASB.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College financial statements in accordance with GASB. The Foundation is a private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Notes 8, 9 and 11).

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the College as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net position is classified as follows:

- *Net investment in capital assets* - This represents the College's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted net position, expendable* - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2005 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the West Virginia State Legislature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Restricted net position, nonexpendable* - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any restricted nonexpendable net position at June 30, 2025 or 2024.
- *Unrestricted net position* - Unrestricted net position represents resources derived from student tuition and fees, state appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Basis of Accounting - For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenditures when materials or services are received. All inter-entity accounts and transactions have been eliminated.

Cash and Cash Equivalents - For purposes of the statements of net position, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd., E. Room E-122 Charleston, West Virginia, 25305 or <http://www.wvbt.com>.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

24

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature, and any other program investments authorized by the legislature.

Appropriations Due from Primary Government - For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State.

Allowance for Doubtful Accounts - It is the College's policy to provide for future losses on uncollectible accounts, contracts, grants, and receivables based on an evaluation of the underlying account, contract and grant balances, the historical collectability experienced by the College on such balances and such other factors which, in the College's judgment, require consideration in estimating doubtful accounts.

Noncurrent Cash and Cash Equivalents, and Investments - Cash and cash equivalents that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets, or (3) permanently restricted net position, are classified as a noncurrent asset in the accompanying statements of net position.

Capital Assets - Capital assets include property, plant and equipment and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and infrastructure, 20 years for land improvements, 7 years for library holdings, and 5 to 10 years for furniture and equipment. The College's capitalization threshold is \$5,000.

Unearned Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue. Unearned revenue at the College primarily consists of grant funding not spent or with unmet timing requirements and summer tuition collected in advance. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Post employment Benefits (OPEB) - GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The College is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan and its standalone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or <https://peia.wv.gov>.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates. The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. The College's full-time employees earn up to one-and-a-half sick leave days for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 6 for further discussion.

The estimated expense and expense incurred for compensated absences or OPEB benefits are recorded as a component of benefits expense in the combined statements of revenues, expenses, and changes in net position.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of West Virginia Teachers' Retirement System (STRS), and additions to/deductions from STRS fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for further discussion.

Deferred Outflows of Resources - Consumption of net position by the College that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position.

Deferred Inflows of Resources - An acquisition of net position by the College that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position.

Risk Management - The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and liability coverage to the College and its employees. Such coverage may be provided to the College by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the College or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the College is currently charged by BRIM and the ultimate cost of that insurance based on the College's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the College and the College's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the College has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues - The College has classified its revenues according to the following criteria:

- *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- *Nonoperating revenues* - Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and sale of capital assets (including natural resources).
- *Other revenues* - Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position - The College has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, the College utilizes restricted net position first, when practicable.

Federal Financial Assistance Programs - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans directly to students, through institutions like the College. Direct student loan receivables are not included in the College's statements of net position as the loans are repayable directly to the U. S. Department of Education. In 2025 and 2024, the College received and disbursed \$1,398,262 and \$1,548,185, respectively, under the Federal Direct Student Loan Program on behalf of the U. S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The College distributes student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2025 and 2024, the College received and disbursed \$4,433,419 and \$4,117,854, respectively, under these federal student aid programs.

Scholarship Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

27

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowance, which reduces revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

For the fiscal year ended June 30, 2024, the College calculated the scholarship allowance utilizing the alternative method as described in earlier advisories issued by the National Association of College and University Business Officers (NACUBO). Under the alternative method, the amount reported as scholarship allowance and student financial aid expense was computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Effective for the fiscal year ended June 30, 2025, the College changed the methodology used to estimate scholarship allowances reported as reductions to tuition and fees as NACUBO no longer endorses the alternative method. The College implemented Allocation Method B as outlined in NACUBO Advisory 2023-01. Under Method B, financial aid awards are applied in a prescribed sequence to individual student charges by year, using actual amounts applied to tuition and fees. The scholarship allowance is calculated as the amount of aid applied to tuition and fees, and that amount is reported as a reduction of the corresponding revenue. Aid that exceeds institutional charges is reported as student financial aid expense. The change in methodology was made to improve the accuracy and transparency of scholarship allowance calculations by reflecting actual financial aid application data rather than estimated proportions.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, this change is considered a change in accounting estimate resulting from a change in estimation methodology. It has been applied prospectively, and prior periods have not been restated.

While the precise quantitative effect on individual financial statement line items is not reasonably determinable, the College expects the change resulted in the following presentation impacts for the year ended June 30, 2025: a decrease in net tuition and fees revenue, an increase in student financial aid expense, and an increase in contracts and grants revenue, primarily related to federal and state aid programs.

This change does not impact total net position or the amount of aid distributed to students and instead is the result of reclassifying existing financial aid sources (including Pell, state, and institutional aid) more accurately based on actual student-level application of aid to tuition and fees and auxiliary charges.

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The College recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes - The College is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under Federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets or in funded reserves have not been included as cash and cash equivalents for the purpose of the statement of cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Risk and Uncertainties - Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications - Certain amounts in the June 30, 2024 financial statements have been reclassified to conform to the 2025 presentation. The reclassifications had no impact on net position or the change in net position.

Newly Adopted Statements Issued By GASB – The College implemented GASB Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The adoption of this statement resulted in the recognition of certain types of previously unrecorded compensated absences, such as sick leave, that have been earned, accumulated, and is anticipated to be used and paid out. The change did not result in a material change to prior year financial statements; therefore, prior year amounts have not been restated.

The College also implemented GASB Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentration or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The adoption of this statement did not have an impact on the financial statements.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

29

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Statements Issued By GASB - GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The statement aims to improve financial reporting. It clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. The description of unusual or infrequent items will make it clearer which items need to be separately reported. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, to improve comparability. The changes to presentation of major component unit information and budgetary comparison information are also geared towards enhancing comparability. The College has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

GASB also issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets, subscription-based information technology arrangement assets, and right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale including if (1) the government has decided to pursue the sale of the capital asset, and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate these assets each reporting period and disclose the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The College has not yet determined the effect that the adoption of GASB Statement No. 104 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30:

	2025	2024
Cash on deposit with the State Treasurer/BTI	\$ 14,895,200	\$ 13,615,804
Cash in bank	147,238	178,506
Cash on hand	5,701	5,700
	<u>\$ 15,048,139</u>	<u>\$ 13,800,010</u>

Cash held by the State Treasurer includes \$1,314,789 and \$900,609 of restricted cash primarily for operating grants as of June 30, 2025 and 2024, respectively.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

30

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The combined carrying amount of cash in the bank at June 30, 2025 and 2024 was \$147,238 and \$178,506, as compared with the combined bank balance of \$147,238 and \$178,506, respectively. Any differences are primarily caused by items in transit and outstanding checks. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Amounts with the State Treasurer were \$14,895,200 and \$13,615,804 as of June 30, 2025 and 2024, respectively. Of these amounts, \$10,961,868 and \$9,710,053 were invested in the WV Money Market Pool and the WV Short Term Bond Pool as of June 30, 2025 and 2024, respectively. The remainder of the cash held with the State Treasurer was not invested at June 30, 2025 and 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

External Pool	2025		2024	
	Carrying Value	S & P Rating	Carrying Value	S & P Rating
WV Money Market Pool	\$ 10,710,181	AAAm	\$ 9,489,997	AAAm
WV Short Term Bond Pool	251,687	Not Rated	220,056	Not Rated

A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

External Pool	2025		2024	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
WV Money Market Pool	\$ 10,710,181	41	\$ 9,489,997	36

The following table provides information on the effective duration for the WV Short Term Bond Pool:

External Pool	2025		2024	
	Carrying Value	Effective Duration (Days)	Carrying Value	Effective Duration (Days)
WV Short Term Bond Pool	\$ 251,687	637	\$ 220,056	645

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

31

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Other Investment Risks - Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The College has no securities with foreign currency risk.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Student tuition and fees, net of allowance for doubtful accounts of \$1,188,008 and \$799,096 in 2025 and 2024, respectively	\$ 530,999	\$ 453,452
	<u>\$ 530,999</u>	<u>\$ 453,452</u>

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

32

NOTE 5 - CAPITAL ASSETS

The following is a summation of capital asset transactions for the College for the years ended June 30:

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,563,470	\$ -	\$ -	\$ 1,563,470
Construction in process	-	759,398	-	759,398
Total capital assets not being depreciated	<u>\$ 1,563,470</u>	<u>\$ 759,398</u>	<u>\$ -</u>	<u>\$ 2,322,868</u>
Other capital assets:				
Buildings	\$ 44,010,934	\$ 181,926	\$ (4,505,522)	\$ 39,687,338
Equipment	4,237,850	626,003	-	4,863,853
Library holdings	3,910,585	35,270	(3,215)	3,942,640
Total other capital assets	<u>52,159,369</u>	<u>843,199</u>	<u>(4,508,737)</u>	<u>48,493,831</u>
Less accumulated depreciation for:				
Buildings	(21,415,256)	(1,087,902)	2,595,647	(19,907,511)
Equipment	(2,387,277)	(513,521)	-	(2,900,798)
Library holdings	(3,873,500)	(28,249)	3,215	(3,898,534)
Total accumulated depreciation	<u>(27,676,033)</u>	<u>(1,629,672)</u>	<u>2,598,862</u>	<u>(26,706,843)</u>
Other capital assets, net	<u>\$ 24,483,336</u>	<u>\$ (786,473)</u>	<u>\$ (1,909,875)</u>	<u>\$ 21,786,988</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,563,470	\$ 759,398	\$ -	\$ 2,322,868
Other capital assets	<u>52,159,369</u>	<u>843,199</u>	<u>(4,508,737)</u>	<u>48,493,831</u>
Total cost of capital assets	53,722,839	1,602,897	(4,508,737)	50,816,699
Less accumulated depreciation	<u>(27,676,033)</u>	<u>(1,629,672)</u>	<u>2,598,862</u>	<u>(26,706,843)</u>
Capital assets, net	<u>\$ 26,046,806</u>	<u>\$ (27,075)</u>	<u>\$ (1,909,875)</u>	<u>\$ 24,109,856</u>

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

33

NOTE 5 - CAPITAL ASSETS (Continued)

	2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,563,470	\$ -	\$ -	\$ 1,563,470
Total capital assets not being depreciated	<u>\$ 1,563,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,470</u>
Other capital assets:				
Buildings	\$ 43,938,869	\$ 72,065	\$ -	\$ 44,010,934
Equipment	4,071,315	630,378	(463,843)	4,237,850
Library holdings	<u>3,932,937</u>	<u>11,506</u>	<u>(33,858)</u>	<u>3,910,585</u>
Total other capital assets	<u>51,943,121</u>	<u>713,949</u>	<u>(497,701)</u>	<u>52,159,369</u>
Less accumulated depreciation for:				
Buildings	(20,272,125)	(1,143,131)	-	(21,415,256)
Equipment	(2,388,542)	(429,766)	431,031	(2,387,277)
Library holdings	<u>(3,869,028)</u>	<u>(38,330)</u>	<u>33,858</u>	<u>(3,873,500)</u>
Total accumulated depreciation	<u>(26,529,695)</u>	<u>(1,611,227)</u>	<u>464,889</u>	<u>(27,676,033)</u>
Other capital assets, net	<u>\$ 25,413,426</u>	<u>\$ (897,278)</u>	<u>\$ (32,812)</u>	<u>\$ 24,483,336</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 1,563,470	\$ -	\$ -	\$ 1,563,470
Other capital assets	<u>51,943,121</u>	<u>713,949</u>	<u>(497,701)</u>	<u>52,159,369</u>
Total cost of capital assets	53,506,591	713,949	(497,701)	53,722,839
Less accumulated depreciation	<u>(26,529,695)</u>	<u>(1,611,227)</u>	<u>464,889</u>	<u>(27,676,033)</u>
Capital assets, net	<u>\$ 26,976,896</u>	<u>\$ (897,278)</u>	<u>\$ (32,812)</u>	<u>\$ 26,046,806</u>

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

At June 30, 2025, the College had no significant outstanding contractual commitments for property, plant and equipment expenditures.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

34

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Following are the College's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Net OPEB liability (asset)	\$ (49,576)	\$ (259,792)
Deferred outflows of resources	248,815	130,819
Deferred inflows of resources	191,776	342,137
Revenues	83,934	(93,852)
OPEB expense (offset)	74,238	(686,633)
Contributions made by the College	48,450	47,094

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multi-employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The prior year paygo rate for fiscal year 2023 was \$70 per active health policy per month.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The College's contributions to the OPEB plan for the years ended June 30, 2025 and 2024 were \$48,450, and \$47,094, respectively.

Assumptions

The June 30, 2025 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2023 and a measurement date of June 30, 2024. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period as of June 30, 2017.
- Wage inflation: 2.75%.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

36

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post-retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The actuarial valuation as of June 30, 2023, reflects updates to the following healthcare related assumptions, which include per capita claim costs, healthcare trend rates, coverage and continuance, and participation rates.

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan’s investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25-basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

June 30, 2024		
Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge funds	10.0%	4.5%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

37

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Asset Class	June 30, 2023	
	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

Single discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.40% for fiscal years 2025 and 2024. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2025 and 2024 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate (7.40%).

Net OPEB liability (asset)	1% Decrease	Current Discount Rate	1% Increase
2025	\$ 216,747	\$ (49,576)	\$ (271,374)
2024	(43,959)	(259,792)	(496,511)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate. The following presents the College's proportionate share of the net OPEB liability (asset) as of June 30, 2025 and 2024 calculated using the healthcare cost trend rate, as well as what the College's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

Net OPEB liability (asset)	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2025	\$ (389,788)	\$ (49,576)	\$ 363,564
2024	(661,798)	(259,792)	218,269

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

38

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2025 net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The June 30, 2024 net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2025, the College's proportionate share of the net OPEB liability (asset) was \$(205,288). Of this amount, the College recognized \$(49,576) as its proportionate share on the statement of net position. The remainder of \$(155,712) denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

At June 30, 2024, the College's proportionate share of the net OPEB liability (asset) was \$(370,680). Of this amount, the College recognized \$(259,792) as its proportionate share on the statement of net position. The remainder of \$(110,888) denotes the College's proportionate share of net OPEB liability (asset) attributable to the special funding situation.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and to OPEB for each of the fiscal years ended June 30, 2024 and 2023. Employer contributions are recognized when due. At the June 30, 2024 measurement date, the College's proportion was 0.119069366%, a decrease of 0.045097183% from its proportion of 0.164166549% calculated as of June 30, 2023. At the June 30, 2023 measurement date, the College's proportion was 0.164166549%, a decrease of 0.012846075% from its proportion of 0.177012624% calculated as of June 30, 2022.

For the year ended June 30, 2025, the College recognized OPEB expense of \$74,238. Of this amount, \$(9,696) was recognized as the College's proportionate share of OPEB expense and \$83,934 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$83,934 for support provided by the State.

For the year ended June 30, 2024, the College recognized OPEB expense (offset) of \$(686,633). Of this amount, \$(592,781) was recognized as the College's proportionate share of OPEB expense and \$(93,852) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$(93,852) for support provided by the State.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

39

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

<u>June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual non-investment experience	\$ 172,682	\$ 49,851
Changes in proportion and difference between employer contributions and proportionate share of contributions	8,757	26,819
Net difference between projected and actual investment earnings	-	56,483
Changes in assumptions	18,926	58,623
Contributions after the measurement date	<u>48,450</u>	<u>-</u>
Total	<u>\$ 248,815</u>	<u>\$ 191,776</u>

<u>June 30, 2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual non-investment experience	\$ -	\$ 151,227
Changes in proportion and difference between employer contributions and proportionate share of contributions	12,090	41,635
Net difference between projected and actual investment earnings	-	4,332
Changes in assumptions	71,635	144,943
Contributions after the measurement date	<u>47,094</u>	<u>-</u>
Total	<u>\$ 130,819</u>	<u>\$ 342,137</u>

The College will recognize the \$48,450 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2026	\$ (9,927)
2027	73,246
2028	(33,666)
2029	<u>(21,064)</u>
	<u>\$ 8,589</u>

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

40

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Payables to the OPEB Plan

The College did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2025 and 2024.

NOTE 7 - RETIREMENT PLANS

Substantially all eligible full-time employees of the College participate in either the West Virginia State Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF), now known as TIAA. In years past upon full-time employment, each employee was required to make an irrevocable selection between the STRS and TIAA-CREF. Remaining participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in this plan by College employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2025, no College employees were enrolled in the Educators Money 401(a) basic retirement plan.

DEFINED BENEFIT PENSION PLAN

Some employees of the College are enrolled in a defined benefit pension plan, the STRS plan, which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the College's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30:

STRS	2025	2024
Net pension liability	\$ 158,430	\$ 273,607
Deferred outflows of resources	67,839	81,557
Deferred inflows of resources	118,745	66,447
Revenues	19,721	66,103
Pension expense (offset)	8,906	75,562
Contributions made by the College	32,684	31,838

Plan Description

The College contributes to the West Virginia Teacher's Retirement System (STRS), a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). STRS provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for STRS. That report can be obtained by writing to CPRB, 601 57th Street, Suite 5, Charleston, West Virginia 25304 or by calling (304) 558-3570.

NOTE 7 - RETIREMENT PLANS (Continued)

Benefits Provided

STRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20 years of credited service who do not withdraw their accumulated contributions, are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

Member Contributions: STRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

Employer Contributions: The State (including institutions of higher education) contributes:

- 15% of gross salary of their State-employed members hired prior to July 1, 1991;
- 7.5% of the gross salary of their STRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who elected to transfer to STRS effective July 1, 2008;
- a certain percentage of fire insurance premiums paid by State residents; and
- under WV State code section 18-9-A-6a, an amount determined by the State Actuary as being needed to eliminate the STRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2025 and 2024, the College's proportionate share attributable to this special funding subsidy was \$19,721 and \$66,103, respectively.

The College's contributions to STRS for the years ended June 30, 2025 and 2024 were \$32,684 and \$31,838, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2023 and 2022 and rolled forward to June 30, 2024 and 2023, respectively. The following actuarial assumptions were used and applied to the current period measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

42

NOTE 7 - RETIREMENT PLANS (Continued)

- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.25%, net of investment expense.
- Projected salary increases: Teachers 2.75-5.90% and non-teachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: Teachers 7.00-35.00% and non-teachers 2.30-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15.00-100.00%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in STRS' target asset allocation as of June 30, 2024 and 2023, are summarized below.

Asset Class	June 30, 2024	
	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	22.5%
International equity	9.1%	22.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	12.0%
Private equity	9.2%	12.0%
Private credit	9.8%	6.0%
Hedge funds	4.6%	10.0%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

43

NOTE 7 - RETIREMENT PLANS (Continued)

Asset Class	June 30, 2023	
	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	27.5%
International equity	9.1%	27.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	10.0%
Private equity	9.2%	10.0%
Hedge funds	4.6%	10.0%

Discount rate. The discount rate used to measure the total STRS pension liability was 7.25% for fiscal years 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on STRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the STRS net pension liability as of June 30, 2025 and 2024 calculated using the discount rate of 7.25%, as well as what the College's STRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
2025	\$ 265,768	\$ 158,430	\$ 67,500
2024	420,191	273,607	149,196

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The June 30, 2025 STRS net pension liability was measured as of June 30, 2024, and the total pension liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. The June 30, 2024 STRS net pension liability was measured as of June 30, 2023, and the total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2025, the College's proportionate share of the STRS net pension liability was \$420,407. Of this amount, the College recognized \$158,430 as its proportionate share on the statement of net position. The remainder of \$261,977 denotes the College's proportionate share of net pension liability attributable to the special funding.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

44

NOTE 7 - RETIREMENT PLANS (Continued)

At June 30, 2024, the College's proportionate share of the STRS net pension liability was \$832,368. Of this amount, the College recognized \$273,607 as its proportionate share on the statement of net position. The remainder of \$558,761 denotes the College's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to STRS for each of the fiscal years ended June 30, 2024 and 2023. Employer contributions are recognized when due. At the June 30, 2024 measurement date, the College's proportion was 0.008396%, a decrease of 0.003555% from its proportion of 0.011951% calculated as of June 30, 2023. At the June 30, 2023 measurement date, the College's proportion was 0.011951%, an increase of 0.001092% from its proportion of 0.010859%, calculated as of June 30, 2022.

For the year ended June 30, 2025, the College recognized STRS pension expense (offset) of \$8,906. Of this amount, \$(10,815) was recognized as the College's proportionate share of the STRS expense and \$19,721 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$19,721 for support provided by the State.

For the year ended June 30, 2024, the College recognized STRS pension expense (offset) of \$75,562. Of this amount, \$9,459 was recognized as the College's proportionate share of the STRS expense and \$66,103 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The College also recognized revenue of \$66,103 for support provided by the State.

At June 30, 2025 and 2024, deferred outflows of resources and deferred inflows of resources related to the STRS pension are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2025</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 14,732	\$ 102,387
Net difference between projected and actual investment earnings	-	16,358
Differences between expected and actual experience	16,399	-
Changes in assumptions	4,024	-
Contributions after the measurement date	32,684	-
Total	<u>\$ 67,839</u>	<u>\$ 118,745</u>
<u>June 30, 2024</u>		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 23,365	\$ 65,759
Net difference between projected and actual investment earnings	4,819	-
Differences between expected and actual experience	9,988	688
Changes in assumptions	11,547	-
Contributions after the measurement date	31,838	-
Total	<u>\$ 81,557</u>	<u>\$ 66,447</u>

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

45

NOTE 7 - RETIREMENT PLANS (Continued)

The College will recognize the \$32,684 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the STRS net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in STRS pension expense as follows.

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2026	\$ (47,476)
2027	854
2028	(16,844)
2029	(20,124)
	<u>\$ (83,590)</u>

Payables to the Pension Plan

The College did not report any amounts payable for normal contributions to the STRS as of June 30, 2025 and 2024.

DEFINED CONTRIBUTION PENSION PLAN

The TIAA-CREF is a defined contribution benefit plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The College matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which are not matched by the College.

Total contributions to the TIAA-CREF for the years ended June 30, 2025 and 2024 were \$1,092,898 and \$1,095,858, respectively, which consisted of equal contributions from the College and covered employees in 2025 and 2024 of \$546,449 and \$547,929, respectively.

The College's total payroll for the years ended June 30, 2025 and 2024 was \$9,837,253 and \$9,790,566, respectively; and total covered employees' salaries in the TIAA-CREF were \$9,107,492 and \$9,132,148 for the years ended June 30, 2025 and 2024, respectively.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

46

NOTE 8 - FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose “to support, encourage and assist in the development and growth of the College, to render service and assistance to the College, and through it to the citizens of the State of West Virginia...” Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College’s financial statements in accordance with GASB.

The Foundation’s net assets totaled \$5,438,376 and \$4,665,740 at December 31, 2024 and 2023, respectively. The net assets include amounts which are restricted by donors to use for specific projects or departments of the College. During the years ended December 31, 2024 and 2023, the Foundation made \$259,618 and \$331,481, respectively, in contributions to the College for student scholarships and other support. Complete financial statements for the Foundation can be obtained from the Southern West Virginia Community College Foundation, Inc.

NOTE 9 - AFFILIATED ORGANIZATION AND OTHER STATE AGENCIES

The College has a separately incorporated affiliated organization, the Southern Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the College. Accordingly, the financial statements of such organizations are not included in the accompanying financial statements under the blended component unit requirements. They are not included in the College’s accompanying financial statements under discretely presented component unit requirements as, they (1) are not material or (2) have dual purposes (i.e., not entirely or almost entirely for the benefit of the College).

In addition to the relationships and transactions previously described, the College receives funding or grants from and provides services to other state agencies, and utilizes services, supplies and equipment provided by other state agencies. Amounts due from and due to other state agencies at June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Due to:		
WVNET	\$ 1,574	\$ 1,508
BridgeValley Community & Technical College	11,842	-
Office of Technology	141	-
Workforce WV Unemployment Compensation	10,408	-
WV Public Employees Insurance Agency	2,818	-
	<u>\$ 26,783</u>	<u>\$ 1,508</u>

NOTE 10 - CONTINGENCIES

The nature of the educational industry is such that, from time-to-time, claims will be presented against the College on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the College would not impact seriously on the financial status of the institution.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The College's management believes disallowances, if any, will not have a significant financial impact on the College's financial position.

The College owns various buildings which are known to contain asbestos. The College is not required by federal, state or local law to remove the asbestos from its buildings. The College is required under Federal Environmental Health and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The College also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

NOTE 11 - COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements starting on the following page:

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Southern West Virginia Community College Foundation, Inc. (the Foundation) was incorporated in September 1971 as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code for the purpose of collecting donations from individuals, corporations, and foundations which are to be distributed as scholarships to individual who are attending what is not known as Southern West Virginia Community and Technical College (the College), and also to be used for other purposes benefiting the College. The Foundation is considered to be a component unit of the College. Administrative services are provided by the College.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accounting principles generally accepted in the United States of America ("GAAP").

Net Assets – The financial statements report net assets and changes in net assets under two classes that are based upon the existence or absence of restrictions on use that are placed by its donors as net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources that are available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into during its operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose, or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restriction to net assets without donor restriction. Net assets restricted for the acquisition of buildings or equipment (or, less commonly, the contribution of those assets directly) are reported as net assets with donor restriction until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of demand deposits and money market funds. The Foundation places its cash with high-credit quality financial institutions. At times, the balances in such institutions may exceed the FDIC limit. Restricted cash includes cash and cash equivalents held within the Foundation's investment portfolios for donor-restricted purposes.

Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements. At December 31, 2024 and 2023, one equity position in the portfolio comprised 11.23% and 16.6% of total investments, respectively.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In-Kind Contributions – Donated goods are recorded as revenue when they are received and are expensed when they are used or distributed. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Contributions and Unconditional Promises to Give – Contributions received and unconditional promises to give ("contributions receivable") are measured at their fair values and are reported as increases in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recorded until the condition on which it depends is substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted discount rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The allowance for uncollectible contributions receivable is determined based upon management's evaluation of the collectability of the individual promises. Promises that remain uncollected for more than one year after their due dates are then written off, unless the donors indicate that the payment is merely postponed. No allowance for uncollectible contributions receivable is considered necessary at December 31, 2024 and 2023, respectively.

Functional Expenses – The cost of providing the Foundation's programs and other activities is summarized in Note 5. The expenses that can be identified with a specific program or support service are charged directly to that program and support service. Expenses that are allocated include personnel costs which are allocated based on estimates of time and effort. Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

All scholarships and direct program support services distributions are approved by the Board of Directors.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and, therefore, is not subject to taxes on incomes derived from its exempt activities. The College has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Subsequent Events – The date to which events occurring after December 31, 2024, have been evaluated for possible adjustment to or disclosure in the financial statements is August 12, 2025, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023, are as follows:

	2024	2023
Financial assets available within one year:		
Cash and cash equivalents	\$ 519,030	\$ 412,859
Contributions receivable	254,781	210,102
Investments	4,599,091	3,975,607
Certificate of deposit	59,646	57,278
Total financial assets	<u>5,432,548</u>	<u>4,655,846</u>
Financial assets held to meet donor-imposed restrictions	<u>4,588,828</u>	<u>3,858,524</u>
Amount available for general expenditures within one year	<u>\$ 843,720</u>	<u>\$ 797,322</u>

The above table reflects the donor-restricted and board-designated endowment funds as unavailable since it is the Foundation's intention to invest those resources for the long-term support of the Foundation.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

	2024	2023
Unconditional promises to give:		
Receivable within one year	\$ 172,583	\$ 66,250
Receivable in two to five years	82,448	143,000
Receivable in more than five years	<u>11,375</u>	<u>19,527</u>
Total unconditional promises to give	266,406	228,777
Discount to net present value	<u>(11,625)</u>	<u>(18,675)</u>
Net unconditional promises to give	<u>\$ 254,781</u>	<u>\$ 210,102</u>

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

51

NOTE 4 – RELATED PARTY TRANSACTIONS

The Foundation recognized the following expenses paid to the College or on behalf of the College:

	<u>2024</u>	<u>2023</u>
Scholarships	\$ 105,778	\$ 114,859
Respiratory program	44,000	44,000
Theatre upgrades	-	35,500
Grant consulting	54,000	51,000
	<u>\$ 203,778</u>	<u>\$ 245,359</u>

The Foundation recognized contribution revenue and corresponding program expense for donated services provided by the College related to accounting and management personnel costs. The fair value of these donated services, determined by management, was \$136,921 and \$116,097 for the years ended December 31, 2024 and 2023, respectively.

NOTE 5 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses for the year ended December 31, 2024 and 2023 were allocated as follows:

	<u>2024</u>	<u>2023</u>
Program Services:		
Scholarships	\$ 105,778	\$ 114,859
Personnel	59,362	35,750
Other	94,478	180,872
Total program services	<u>259,618</u>	<u>331,481</u>
Administrative and general:		
Personnel	44,888	47,472
Outside services	57,328	63,737
Bank fees	1,714	(2,266)
Insurance	2,206	902
Business expenses	109,485	151,722
Total administrative and general	<u>215,621</u>	<u>261,567</u>
Fundraising:		
Personnel	32,671	32,875
Fundraising events	64,572	37,069
Total fundraising	<u>97,243</u>	<u>69,944</u>
Total functional expenses	<u>\$ 572,482</u>	<u>\$ 662,992</u>

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

52

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are available for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purposes:		
Scholarships	\$ 2,562,535	\$ 1,913,716
Educational development	<u>1,300,117</u>	<u>1,262,345</u>
	3,862,652	3,176,061
 Promises to give, without donor restrictions, but which are unavailable for expenditure until due	 7,250	 12,250
 Investment in perpetuity, the income from which is expendable to support scholarships	 <u>718,926</u>	 <u>670,213</u>
	<u>\$ 4,588,828</u>	<u>\$ 3,858,524</u>

NOTE 7 – ENDOWMENT FUNDS

Interpretations of the relevant law – The Board of Directors of the Foundation has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciated on donor-restricted endowments which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Return objectives. risk parameters. and strategies – The endowed funds consist of scholarship funds which are awarded annually at the discretion of the Board of Directors, or as stipulated by donors of permanently endowed contributions. The Foundation has adopted investment and spending policies to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 – ENDOWMENT FUNDS (Continued)

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. During 2024 and 2023, the Foundation did not appropriate any expenditure from underwater endowments and as of December 31, 2024 and 2023 there were no underwater endowments.

Endowment net asset composition by type of fund:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds	\$ -	\$ 1,522,749	\$ 1,522,749
Board designated endowment funds	-	2,156,508	2,156,508
Total funds	<u>\$ -</u>	<u>\$ 3,679,257</u>	<u>\$ 3,679,257</u>
	2023		
	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds	\$ -	\$ 1,302,962	\$ 1,302,962
Board designated endowment funds	-	1,985,426	1,985,426
Total funds	<u>\$ -</u>	<u>\$ 3,288,388</u>	<u>\$ 3,288,388</u>

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

54

NOTE 7 – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net asset, January 1, 2023	\$ -	\$ 3,506,080	\$ 3,506,080
Endowment investment return:			
Interest and dividends	-	134,444	134,444
Net unrealized and realized losses	-	(182,578)	(182,578)
Total endowment investment return	-	(48,134)	(48,134)
Contributions	-	23,973	23,973
Appropriation of endowment assets	-	(193,531)	(193,531)
Endowment net assets, December 31, 2023	-	3,288,388	3,288,388
Endowment investment return:			
Interest and dividends	-	145,254	145,254
Net unrealized and realized gains	-	304,142	304,142
Total endowment investment return	-	449,396	449,396
Contributions	-	101,489	101,489
Appropriation of endowment assets	-	(160,016)	(160,016)
Endowment net assets, December 31, 2024	<u>\$ -</u>	<u>\$ 3,679,257</u>	<u>\$ 3,679,257</u>

NOTE 8 – FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 – FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value (or at net asset value as a practical expedient for fair value) on a recurring basis. There have been no changes to the methodologies.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange-traded funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Money market: Valued at amortized cost.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are reported on the financial statements at their fair values as of December 31, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 212,365	\$ -	\$ -	\$ 212,365
Equities	4,198,086	-	-	4,198,086
Exchange-traded funds	188,640	-	-	188,640
Total	\$ 4,599,091	\$ -	\$ -	\$ 4,599,091
	2023			
	Level 1	Level 2	Level 3	Total
Money market	\$ 64,928	\$ -	\$ -	\$ 64,928
Equities	3,817,109	-	-	3,817,109
Exchange-traded funds	93,570	-	-	93,570
Total	\$ 3,975,607	\$ -	\$ -	\$ 3,975,607

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 12 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

	2025							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	\$ 4,858,955	\$ 1,343,440	\$ 584,640	\$ -	\$ -	\$ -	\$ -	\$ 6,787,035
Public service	109,015	32,076	6,734	-	-	-	-	147,825
Academic support	669,489	168,803	53,651	-	-	-	-	891,943
Student services	1,265,080	420,915	55,976	-	-	-	-	1,741,971
General institutional support	2,440,943	886,192	1,382,992	2,673	-	-	-	4,712,800
Operations and maintenance of plant	544,133	157,975	482,074	731,797	-	-	-	1,915,979
Student financial aid	-	-	-	-	4,304,041	-	-	4,304,041
Depreciation	-	-	-	-	-	1,629,672	-	1,629,672
Other	-	-	-	-	-	-	79,168	79,168
Total	<u>\$ 9,887,615</u>	<u>\$ 3,009,401</u>	<u>\$ 2,566,067</u>	<u>\$ 734,470</u>	<u>\$ 4,304,041</u>	<u>\$ 1,629,672</u>	<u>\$ 79,168</u>	<u>\$ 22,210,434</u>
	2024							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by the Commission	Total
Instruction	\$ 4,708,092	\$ 911,952	\$ 701,898	\$ -	\$ -	\$ -	\$ -	\$ 6,321,942
Public service	105,225	20,762	-	-	-	-	-	125,987
Academic support	472,116	85,151	44,051	-	-	-	-	601,318
Student services	1,055,725	242,806	309,124	-	-	-	-	1,607,655
General institutional support	2,848,158	628,950	863,264	6,579	-	-	-	4,346,951
Operations and maintenance of plant	692,155	129,886	580,571	746,751	-	-	-	2,149,363
Student financial aid	-	-	-	-	2,573,352	-	-	2,573,352
Depreciation	-	-	-	-	-	1,611,227	-	1,611,227
Other	-	-	-	-	-	-	70,522	70,522
Total	<u>\$ 9,881,471</u>	<u>\$ 2,019,507</u>	<u>\$ 2,498,908</u>	<u>\$ 753,330</u>	<u>\$ 2,573,352</u>	<u>\$ 1,611,227</u>	<u>\$ 70,522</u>	<u>\$ 19,408,317</u>

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025

State Teachers' Retirement System
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
College's proportion of the net pension liability (asset) (percentage)	0.008396%	0.011951%	0.010859%	0.014604%	0.015254%	0.015165%	0.013950%	0.017543%	0.018586%	0.021596%
College's proportionate share of the net pension liability (asset)	\$ 158,430	\$ 273,607	\$ 279,301	\$ 228,228	\$ 491,322	\$ 451,185	\$ 435,555	\$ 606,106	\$ 763,874	\$ 754,590
State's proportionate share of the net pension liability (asset)	<u>261,977</u>	<u>558,761</u>	<u>622,190</u>	<u>510,286</u>	<u>1,067,592</u>	<u>1,089,203</u>	<u>1,128,572</u>	<u>1,340,375</u>	<u>1,454,976</u>	<u>1,707,576</u>
Total proportionate share of the net pension liability (asset)	<u>\$ 420,407</u>	<u>\$ 832,368</u>	<u>\$ 901,491</u>	<u>\$ 738,514</u>	<u>\$ 1,558,914</u>	<u>\$ 1,540,388</u>	<u>\$ 1,564,127</u>	<u>\$ 1,946,481</u>	<u>\$ 2,218,850</u>	<u>\$ 2,462,166</u>
College's covered payroll	<u>\$ 212,256</u>	<u>\$ 327,715</u>	<u>\$ 304,991</u>	<u>\$ 412,627</u>	<u>\$ 420,743</u>	<u>\$ 437,954</u>	<u>\$ 424,629</u>	<u>\$ 484,171</u>	<u>\$ 480,377</u>	<u>\$ 654,684</u>
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	74.64%	83.49%	91.58%	55.31%	116.77%	103.02%	102.57%	125.18%	159.02%	115.26%
Plan fiduciary net position as a percentage of the total pension liability	84.24%	80.42%	77.78%	86.38%	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2025

State Teachers' Retirement System
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 32,684	\$ 31,838	\$ 49,157	\$ 45,749	\$ 61,894	\$ 63,111	\$ 65,693	\$ 63,694	\$ 72,626	\$ 72,057
Contributions in relation to the contractually required contribution	(32,684)	(31,838)	(49,157)	(45,749)	(61,894)	(63,111)	(65,693)	(63,694)	(72,626)	(72,057)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 217,893	\$ 212,256	\$ 327,715	\$ 304,991	\$ 412,627	\$ 420,743	\$ 437,954	\$ 424,629	\$ 484,171	\$ 480,377
Contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2025

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net OPEB liability (asset) (percentage)	0.119069366%	0.164166549%	0.177012624%	0.175329750%	0.173933038%	0.171521178%	0.170222668%	0.161373742%		
College's proportionate share of the net OPEB liability (asset)	\$ (49,576)	\$ (259,792)	\$ 197,013	\$ (52,134)	\$ 768,248	\$ 2,845,763	\$ 3,652,018	\$ 3,968,163		
State's proportionate share of the net OPEB liability (asset)	(155,712)	(110,888)	67,489	(10,265)	169,872	582,370	754,775	815,065		
Total proportionate share of the net OPEB liability (asset)	<u>\$ (205,288)</u>	<u>\$ (370,680)</u>	<u>\$ 264,502</u>	<u>\$ (62,399)</u>	<u>\$ 938,120</u>	<u>\$ 3,428,133</u>	<u>\$ 4,406,793</u>	<u>\$ 4,783,228</u>		
College's covered-employee payroll	<u>\$ 7,631,402</u>	<u>\$ 7,922,055</u>	<u>\$ 7,028,629</u>	<u>\$ 6,814,218</u>	<u>\$ 6,791,670</u>	<u>\$ 6,083,379</u>	<u>\$ 6,268,021</u>	<u>\$ 6,247,930</u>		
College's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.65%	-3.28%	2.80%	-0.77%	11.31%	46.78%	58.26%	63.51%		
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%		

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Colleges should present information for those years for which information is available.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 48,450	\$ 47,094	\$ 149,500	\$ 208,124	\$ 319,568	\$ 336,192	\$ 276,087	\$ 280,764		
Contributions in relation to the statutorily required contribution	<u>(48,450)</u>	<u>(47,094)</u>	<u>(149,500)</u>	<u>(208,124)</u>	<u>(319,568)</u>	<u>(336,192)</u>	<u>(276,087)</u>	<u>(280,764)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
College's covered-employee payroll	\$ 7,569,132	\$ 7,631,402	\$ 7,922,055	\$ 7,028,629	\$ 6,814,218	\$ 6,791,670	\$ 6,083,379	\$ 6,268,021		
Contributions as a percentage of covered-employee payroll	0.64%	0.62%	1.89%	2.96%	4.69%	4.95%	4.54%	4.48%		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Colleges should present information for those years for which information is available.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

Amounts reported reflect changes in assumptions to more closely reflect actual experience. Significant changes in assumptions are related to projected salary increases, inflation rate, and mortality tables.

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2024</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
<u>2023</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2022</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019; Beneficiary males-101% of Pub-2010 Contingent Survivor Male table, headcount weighted, projected generationally with Scale MP-2019; Beneficiary females-113% of Pub-2010 Contingent Survivor Female table, headcount weighted, projected generationally with Scale MP-2019.	7.25%
<u>2021</u>	2.75%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 5.90%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 2.75 to 6.50%.	7.25%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired: Healthy males – 100% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.25%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2020</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.16%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.75%.	7.5%, net of pension plan investment expense, including inflation.	Active: Pub-2010, General Employees table, headcount weighted, projected generationally with scale MP-2019. Retired healthy males – 108% of Pub-2010 General Retiree Male table, headcount weighted, projected generationally with scale MP-2019; Retired healthy females – 112% of Pub-2010 General Retiree Female table, headcount weighted, projected generationally with scale MP-2019; Disabled males – 107% of Pub-2010 General/Teacher Disabled Male table, headcount weighted, projected generationally with scale MP-2019; Disabled females – 113% of Pub-2010 General/Teacher Disabled Female table, headcount weighted, projected generationally with scale MP-2019.	7.5%
<u>2019</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: Healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2018</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality</u>	<u>Discount Rate</u>
<u>2017</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2016</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; healthy females – 94% of RP2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	7.5%
<u>2015</u>	3.0%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75 to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40 to 6.50%.	7.5%, net of pension plan investment expense, including inflation.	Active: RP2000, non-annuitant monthly mortality table. Retired: RP2000 healthy annuitant, scale AA; Disabled: RP2000 disabled annuitant mortality table, scale AA.	7.5%

There are no other significant factors that affect trends in the amounts reported, such as a change of benefit terms or other assumptions. Additional information, if necessary, can be obtained from the CPRB Annual Comprehensive Financial Report for the corresponding year.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2025 AND 2024

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<u>2024</u>	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rates for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
<u>2023</u>	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
<u>2022</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
<u>2021</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<u>2020</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2025 AND 2024

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<u>2019</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
<u>2018</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
<u>2017</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Governors
Southern West Virginia Community and Technical College
Mt. Gay, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southern West Virginia Community and Technical College (the College), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2025, which states reliance on another auditor for the discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of The Southern West Virginia Community College Foundation, Inc. (the Foundation), as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Suttle & Stalaker, PLLC".

Charleston, West Virginia
September 30, 2025